

Summary of Results for the Third Quarter of the Fisical Year Endeing December 31, 2023

(Small meeting material)

December, 2023

Toyo Tanso Co., Ltd.



Summary of Results for the Q3 of the Fiscal Year Ending December 31, 2023

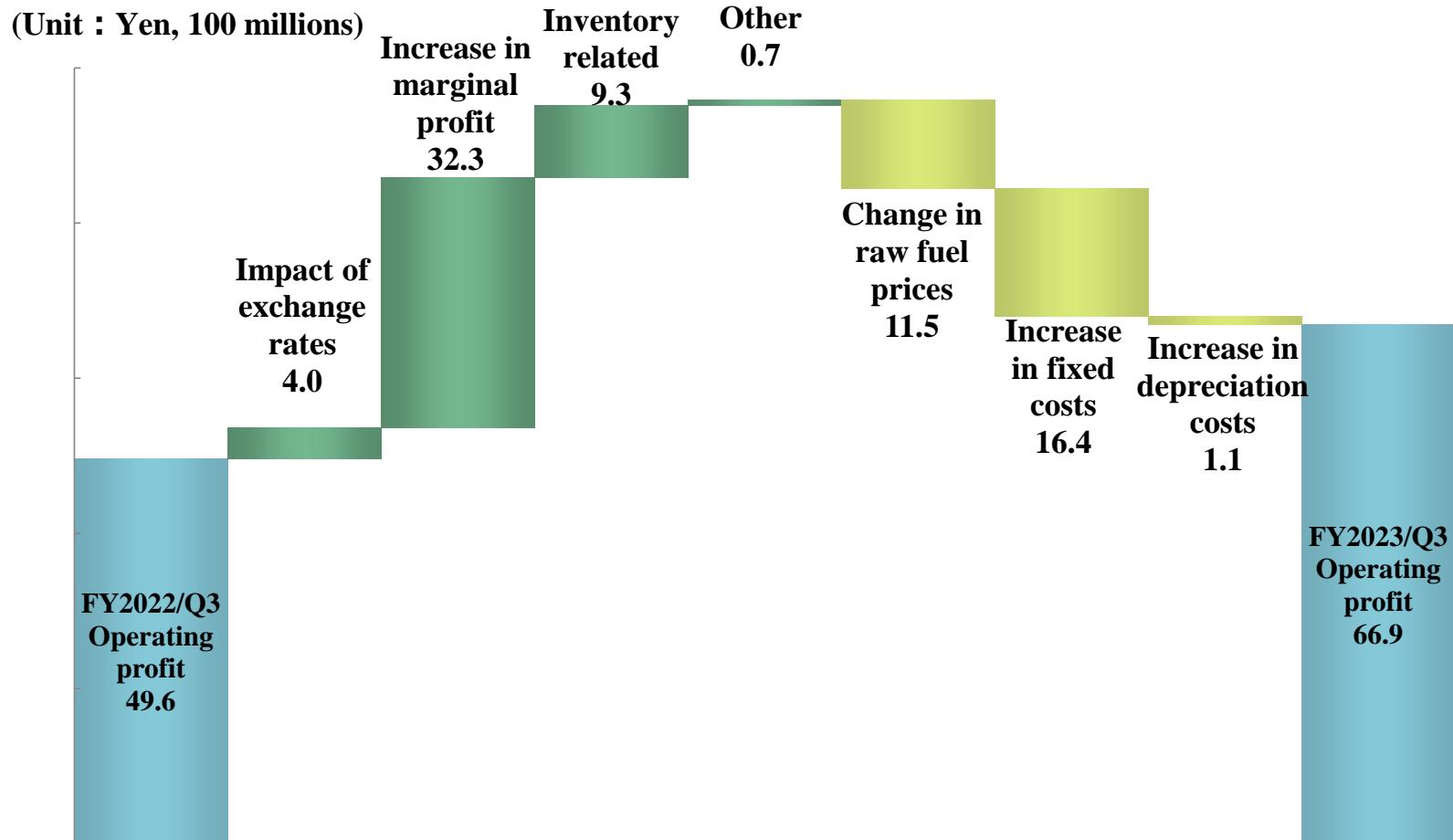
Summary of Results

for the Q3 of the Fiscal Year Ending December 31, 2023

	FY2022		FY2023		
	Actual	Q3	Forecast	Q3	Year-on-Year change (Q3)
(Unit: Yen, millions)					
Net sales	43,774	32,028	48,500	36,001	+ 3,973 / + 12.4 %
Operating profit	6,667	4,965	8,500	6,690	+ 1,724 / + 34.7 %
(Ratio of operating profit to net sales)	15.2%	15.5%	17.5%	18.6%	
Ordinary profit	7,369	5,932	9,300	7,700	+ 1,768 / + 29.8 %
(Ratio of ordinary profit to net sales)	16.8%	18.5%	17.0%	21.4%	
Profit attributable to owners of parent	5,181	4,152	7,000	5,810	+ 1,657 / + 39.9 %
Basic earnings per share	247.08yen	198.02yen	333.77yen	277.05yen	
ROE	6.9%		8.8%		
Exchange rate			(Exchange rate assumptions for H2)		
	131.5yen/\$	128.1yen/\$	133yen/\$	138.1yen/\$	
	138.1yen/€	136.0yen/€	146yen/€	149.6yen/€	
	19.5yen/CNY	19.4yen/CNY	19yen/CNY	19.6yen/CNY	

Factors Affecting Changes in Operating Profit

(Q3 of fiscal year ended December 2022 vs. Q3 of fiscal year ending December 2023)



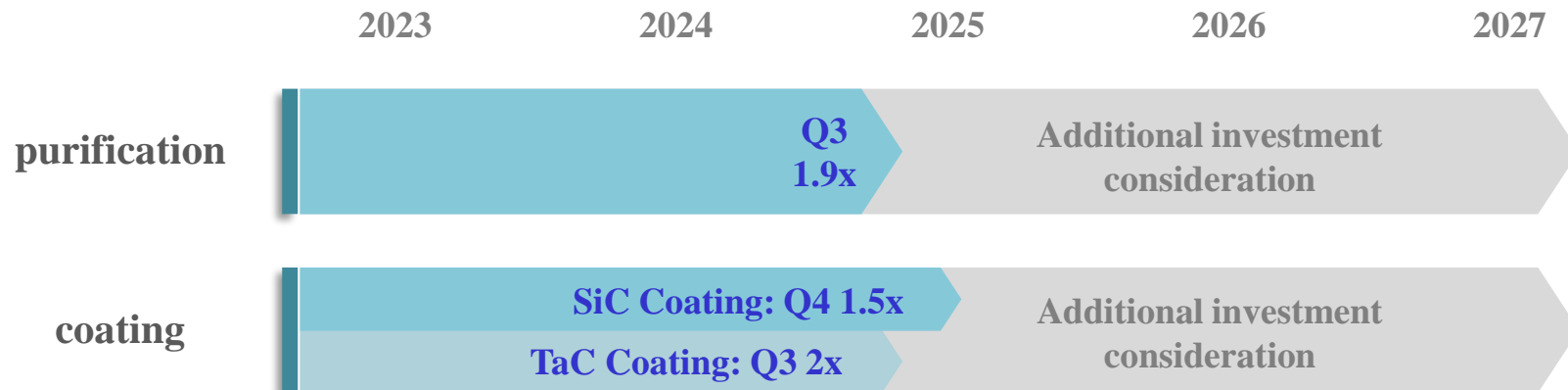
- Performance remained on a growth track thanks to stronger demand for SiC semiconductor applications*, although demand for Si semiconductor applications* slowed down in Q3 of FY2023.

* Components for wafer manufacturing furnaces, epitaxial growth equipment, etc.

- Production lines are not application specific and can be adapted according to demand.

- Capacity enhancement for value-added processes (SiC/TaC coating and purification) is progressing on time.

Additional investments are under urgent consideration in order to meet higher-than-expected demand. Capacity enhancement will be carried out in Japan and overseas to respond to local production for local consumption and strengthen global supply chain.



- ▶ The rolling plan of the Medium-Term Management Plan is scheduled to be announced in February 2024.



Business overview

TOYO TANSO's Fundamental philosophy

Contributing to the world through the pursuit of the possibilities inherent in carbon (C)

Business outline	Production of specialized, highly functional carbon products
Corporate profile	
Capital	7,947 million yen (as of December 2022)
Sales	43.7billion yen (year ended December 2022/consolidated)
Employees	Non- consolidated: 857 Consolidated: 1,690 (as of December 2022)
President	Naotaka Kondo Representative Director, Chairman & President, CEO



Head Office

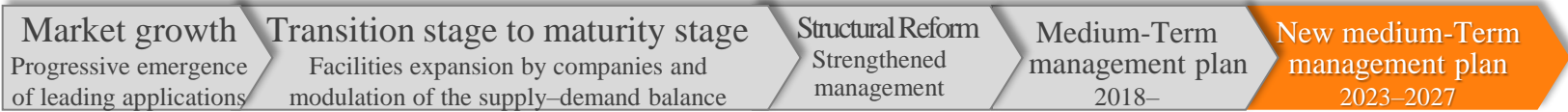
Takuma Division



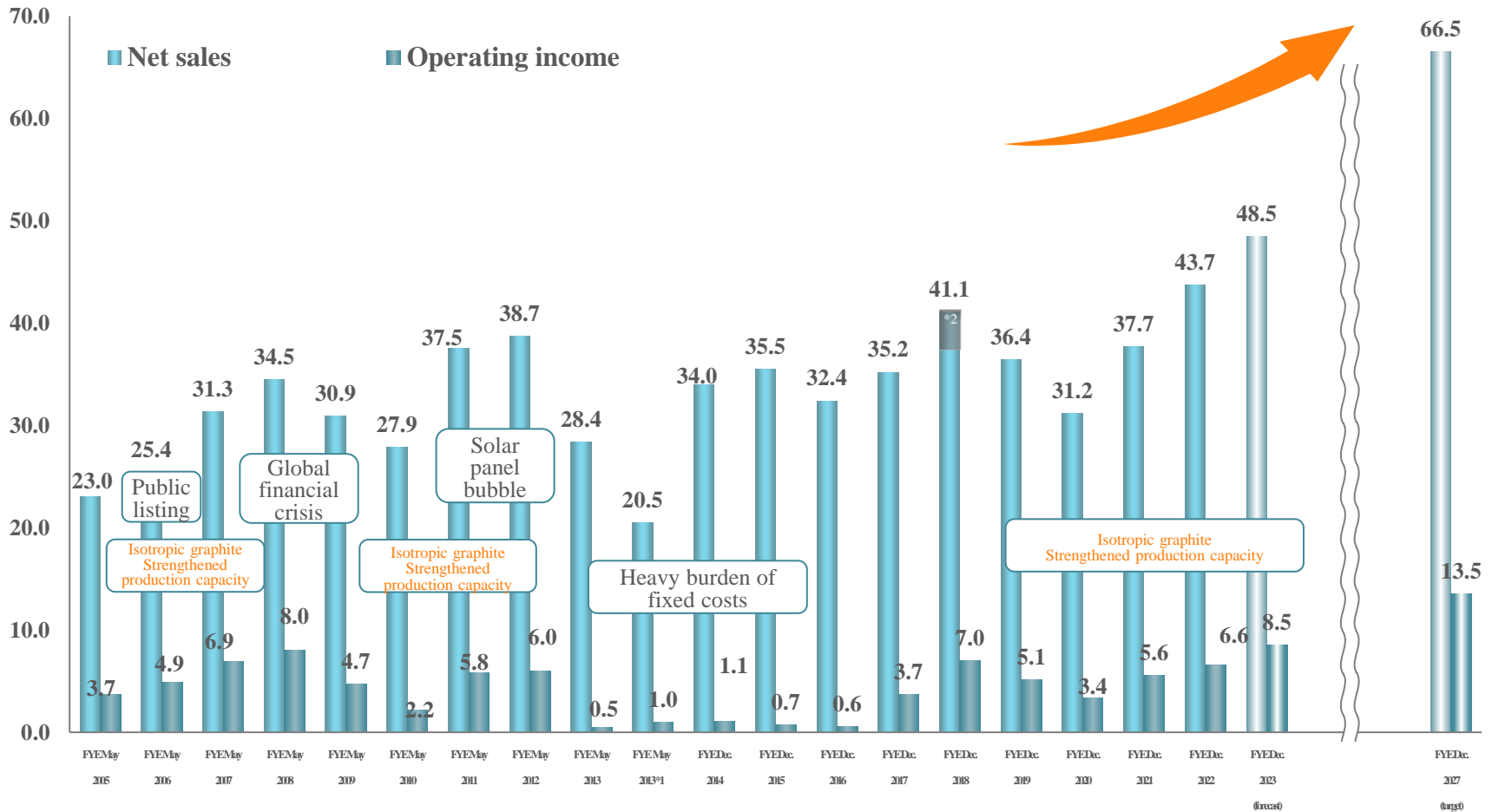
History

- 1947** Founded Kondo Carbon Kogyo (now TOYO TANSO). Started manufacture of carbon brushes.
- 1974** First in industry to succeed with the mass-production of large isotropic graphite
- 1985** Establishment of manufacturing base for isotropic graphite (now Takuma Division)
- From 1987** Establishment of local corporations around the world (We currently have bases in 12 countries, including in the US, Europe, and Asia)
- 2006** Listed on the first section of the Tokyo Stock Exchange.

Fluctuations in Sales and Operating Income



(Unit: Yen, billions)



*1 The final day of the fiscal period was changed from May 31 to December 31 as of the fiscal year ended December 31, 2013. For this reason, the fiscal year ended December 31, 2013 was an irregular seven-month fiscal.

For this reason, the fiscal year ended December 31, 2013 was an irregular seven-month fiscal period.

*2 Net sales for FY2018 include 3.2 billion yen in net sales for China's high-temperature reactor-pebble-bed modules (HTR-PM).

Advanced technology field

- Nuclear power
- Aerospace
- Medical care



Electronics field

- Semiconductors
- Photovoltaic cells
- LEDs
- Next-generation semiconductors
- Optical fiber



Machines for general industries field

- Die manufacturing
- Industrial furnaces
- Metal casting
- Industrial machine parts
- Hot presses



Transportation equipment field



Photograph: provided by East Japan Railway Company

- Automobiles
- Rail
- Shipping

Electrical field

- Power tools
- Home electronics



Highest market share as the only manufacturer dedicated to special graphite products

No.1

✓ **Top share** in a wide range of applications

- Crucibles for single crystal silicon production furnace (30% share of global market)
- Graphite components for silicon/SiC epitaxial equipment
- Pantograph sliders (70~80% of JR's existing lines)
- Furnace core structure for next-generation nuclear power generation (high-temperature gas reactor) (the only graphite material that is certified)

GNT
100

✓ As a manufacturer of isotropic graphite materials, Toyo Tanso is proud to provide the industry's highest level of service in terms of quality and volume. In 2014, we were selected for METI's **Global Niche Top 100 Companies.***

* METI selects and awards those companies breaking into international markets that have a high market share in specific fields and practice good management.

Integrated manufacturing system from materials to processing and high value-added processing (coating, advanced purification, etc.)

✓Materials are produced in ultra concentrations in Japan

- Pursuit of stable quality
- Ensuring production efficiency
- Knowledge management
- Cost competitiveness maintained

Baking furnace



24 hour centralized control system

✓Close connections with domestic and overseas customers built in processing and sales

- We have built close relationships with customers through our direct sales system and rapidly identify needs
- We have succeeded in producing small volumes of many different products to meet the needs of diverse clients
- Quick delivery

SHANGHAI TOYO TANSO CO., LTD.



TOYO TANSO USA, INC.

We specialize in high-performance, high-quality fields and utilize our expertise to expand our design proposals and technical cooperation on a global basis

✓ **Processing and sales sites in 16 areas around the world so that we can fully meet local customers' needs**

- We do not just process and sell products, but provide solutions from every angle, such as design proposals and technical cooperation.
- We are currently augmenting value-added capacity (machining, coating, purification, etc.) of our domestic and overseas sites to further expand sales.



Medium-Term Management Plan (2023-2027)

- With regard to the Medium-Term Management Plan (pages 13 to 18), information provided therein is current at the time of publication (February 2023), with the exception of some information. The situation and information may have changed since publication.

Targets for the Medium-Term Management Plan (2023–2027)

	FY2022	FY2023 (forecast)	FY2027 (target)
Net sales	43.7 billion yen	48.5 billion yen	66.5 billion yen
Operating profit	6.6 billion yen	8.5 billion yen	13.5 billion yen
Operating profit ratio	15.2%	17.5%	20.3%
ROE	6.9%	8.8%	10%

▶ Exchange rate assumptions

for H2 FY2023 : ¥133/US\$, ¥146/€, ¥19/RMB

for FY2027 : ¥124/US\$, ¥136/€, ¥18/RMB

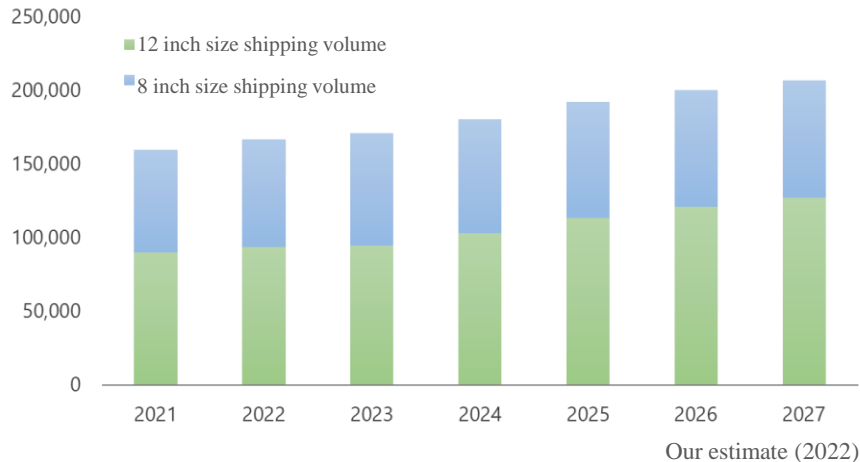
▶ EBITDA* of approx. 21.0 billion yen in FY2027 (EBITDA margin of approx. 30%)

* Operating profit + depreciation

- The scale of the market for SiC devices is expanding at an accelerating pace, and our latest forecast is for a CAGR of 40%, significantly exceeding the assumed CAGR of 20%* in the previous plan
- The Si (silicon) wafer market is little changed from last time, and expected to grow stably

Si (silicon) wafer market CAGR (2022 → 2027): 5% increase

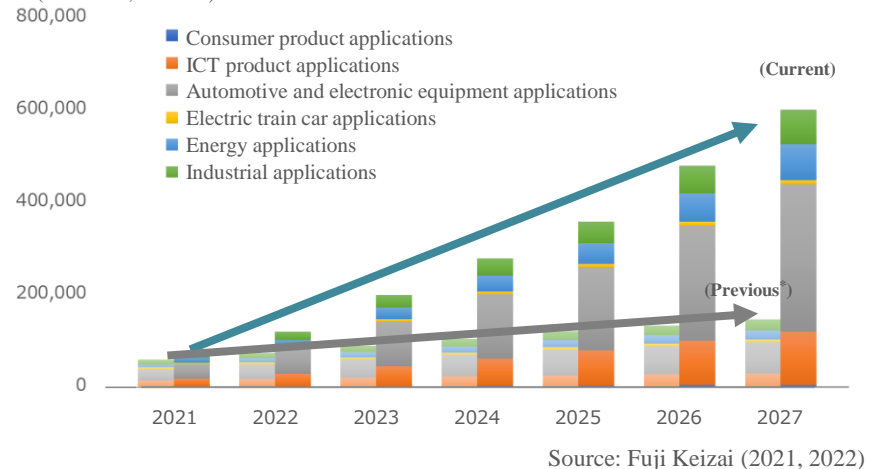
(Unit: thousand wafers)



- We anticipate the wafer market to grow at an average of 5% annually, due to large-scale capital investment planning by semiconductor manufacturers
- Epi wafers in particular are expected to experience high growth due to an increase in demand for logic semiconductors

SiC device market CAGR (2022 → 2027): 40% increase

(Unit: Yen, millions)



- Wafer/device manufacturers are planning aggressive, large-scale capital investment to capture progressive adoption in applications such as EVs and high-voltage devices, and the CAGR of the SiC semiconductor device market is forecast at 40%

- Special graphite products for electronics applications and compound SiC-coated graphite products are forecast to grow substantially due to strong demand for SiC semiconductor applications

(Unit: Yen, billions)	FY2022	FY2023 (forecast)	FY2027 (target)	CAGR 2022→2027
Special graphite products	20.2	23.7	32.2	9.8%
Carbon products for general industries (for mechanical applications)	3.9	3.9	5.4	6.6%
Carbon products for general industries (for electrical applications)	4.8	4.3	7.2	8.6%
Compound materials [3 major products]	9.9	12.1	19.2	14.2%
Other ("compound materials and other products [other products]" and "related goods")	4.7	4.2	2.4	(12.2)%
Total	43.7	48.5	66.5	8.7%

- For isotropic graphite materials – machining – high-added-value processes and processing capacity at subsidiaries, we will boost capacity and strengthen production systems to ensure we capture demand for semiconductor applications

Total capital investment
(FY2023–FY2027)

51.5 billion yen

Trajectory of capital investment based on the strategies of Medium-Term Management Plan

- Boost production capacity in high-added-value businesses globally, including semiconductor applications
- Reinforce competitive strength in core/established businesses
- Labor saving, energy saving, process innovation, etc.

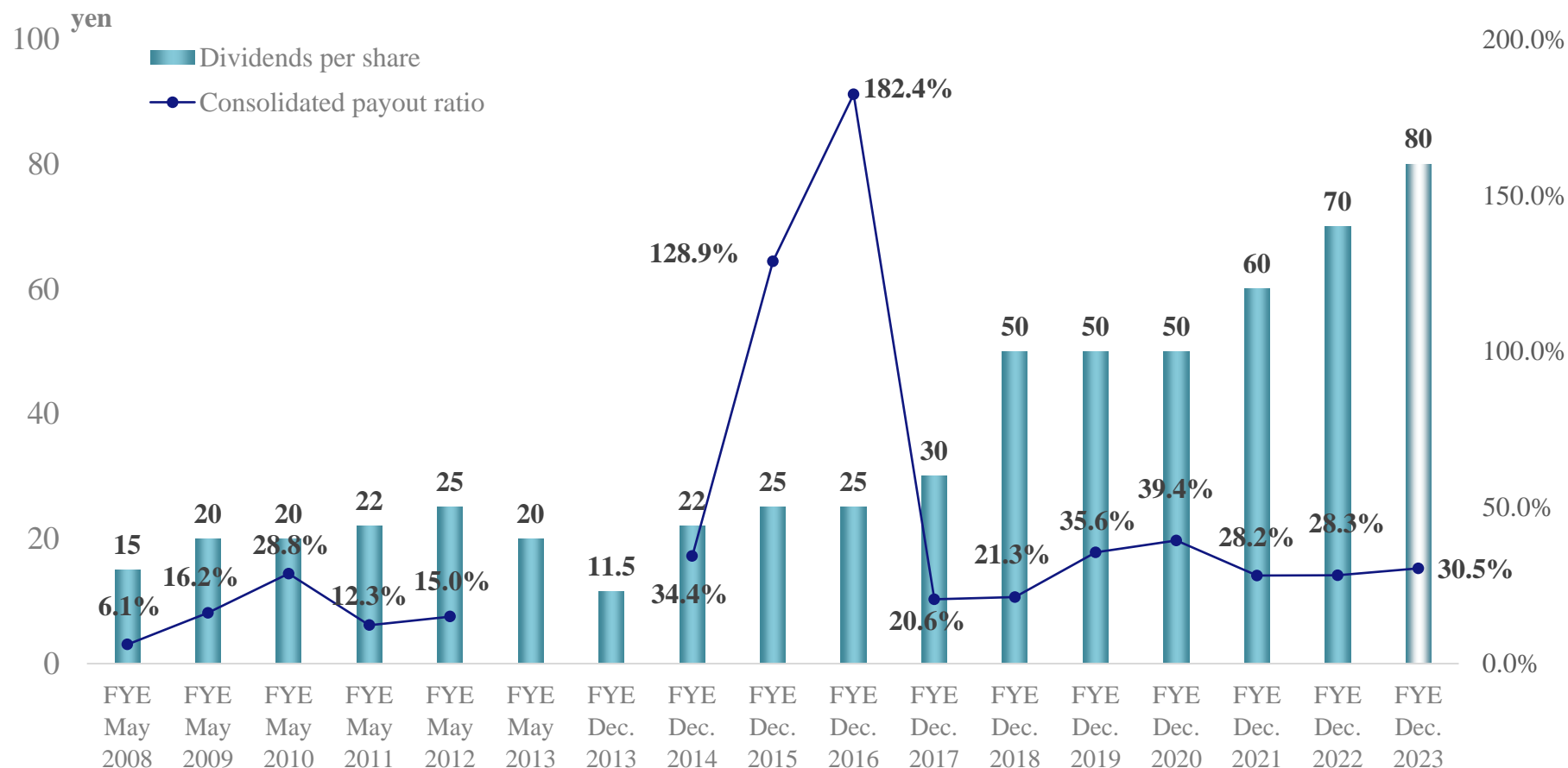
Strategic investment:
70%

Fixed investment:
30%

Examples of strategic investment projects	<ul style="list-style-type: none"> ■ Boost capacity for high-purity processing and SiC-coated graphite products 	<p>Total: 7.0 billion yen; expand capacity by 1.5 times</p> <p>SiC-coated graphite products: completion in 2024 High-purity processing: completion in 2025</p>
	<ul style="list-style-type: none"> ■ Strengthen processing capacity globally 	<p>Implement enhancements in high-added-value processes at each subsidiary, focusing on semiconductor applications</p>
	<ul style="list-style-type: none"> ■ Boost manufacturing capacity for isotropic graphite materials 	<p>Currently considering enhancing materials manufacturing capacity to ensure we achieve a level of supply that meets demand</p>

- ▶ Plan to progressively complete investment projects from 2024 onward
We will work to optimize and enhance the efficiency of our global production systems to maximize supply and meet demand, which is expected to exceed our capacity in the short term

- We will implement stable dividend increases while striking a balance between profit distribution and capital investment geared to growth, against a backdrop of ongoing profit gains

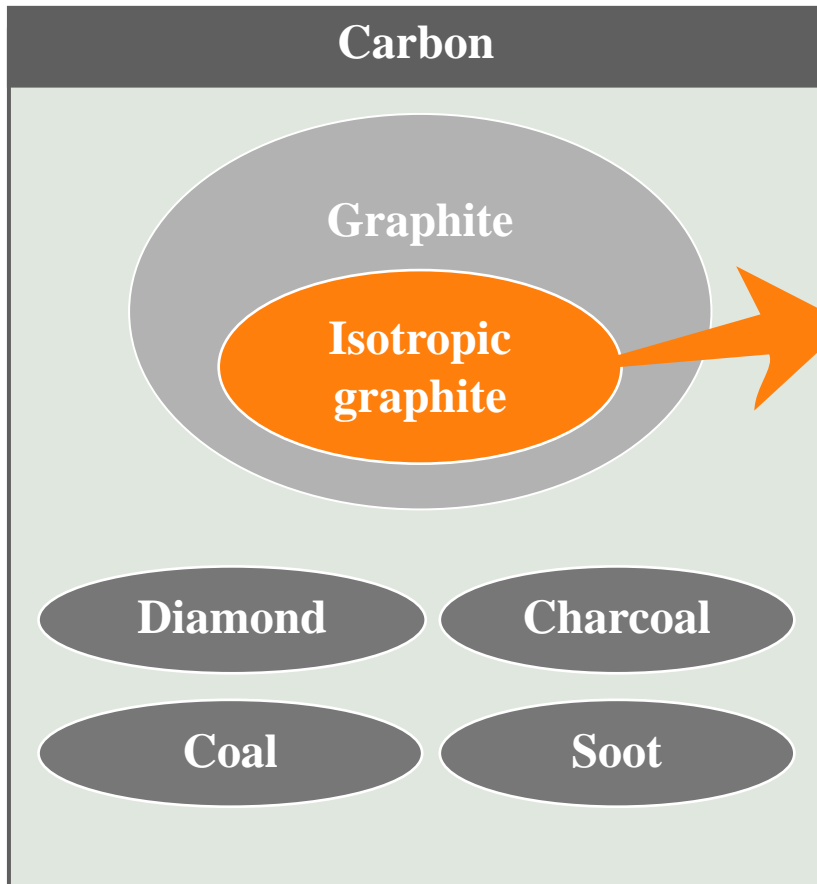


*1 The final day of the fiscal period was changed from May 31 to December 31 as of the fiscal year ended December 31, 2013. For this reason, the fiscal year was an irregular seven-month fiscal period (nine months for some subsidiaries).

*2 Since profit was negative in the fiscal year ended May 31, 2013 and the fiscal year ended December 31, 2013, information on consolidated payout ratio is excluded here.



Appendix



Features of graphite

- Excellent thermal and electrical conductivity
- Superb heat and chemical resistance
- Light weight and easy to machine
- Excellent self-lubrication

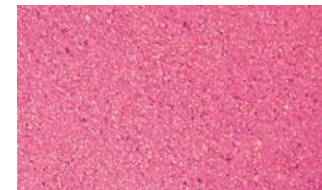


- Uniform properties in any directions
- Fine grain structure and high strength
- Small variation in physical properties

Anisotropic graphite



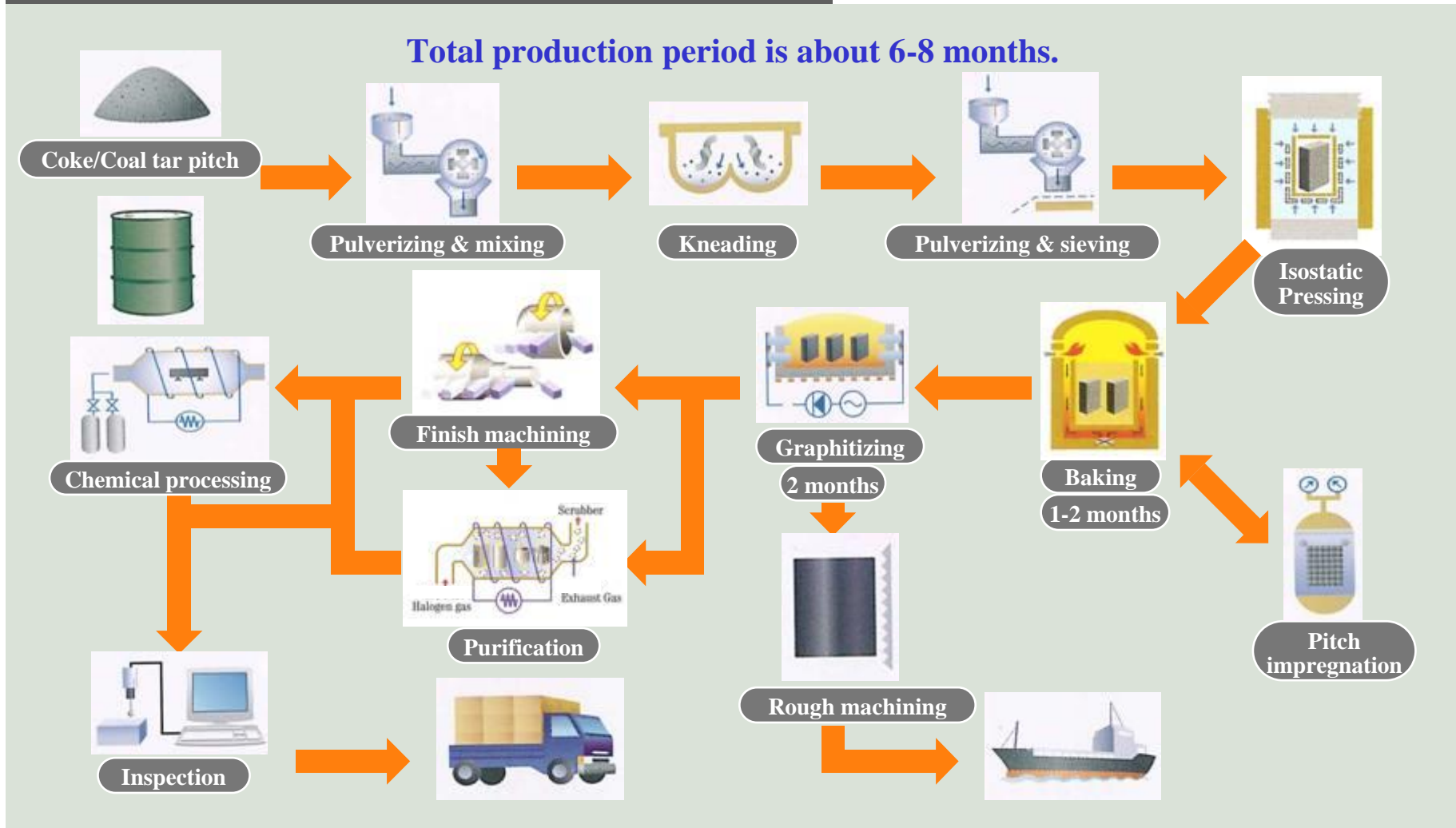
Isotropic Graphite



Active in areas in which metal and other materials can't be used or have weak points

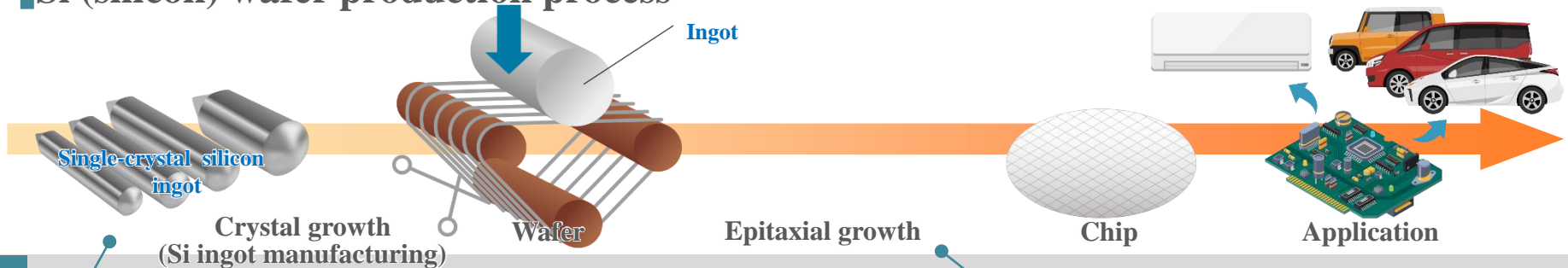
Manufacturing process of isotropic graphite

Total production period is about 6-8 months.



Graphite Products Used in the Manufacturing Process of Semiconductor Devices

Si (silicon) wafer production process



Graphite products used

Parts for single-crystal silicon manufacturing equipment

- Special Graphite (Electronics)
- Crucibles, heater, jigs
- Compound (CC) Crucibles
- Compound (Sheet) Protective materials

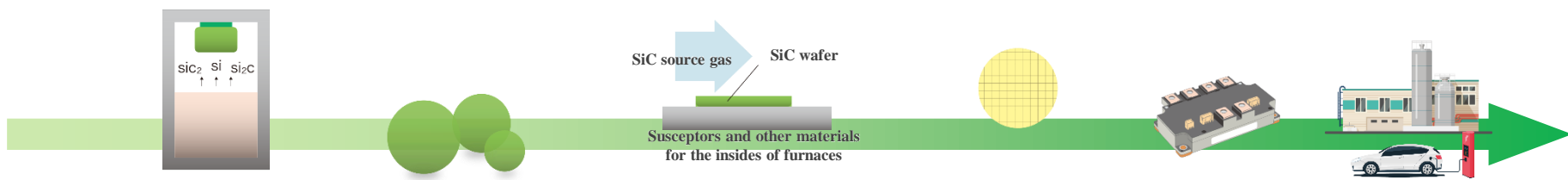
Parts for SiC crystal manufacturing equipment

- Special Graphite (Electronics)
- Materials for the insides of furnaces

Parts for epitaxial growth equipment

- Compound (SiC-coated) Susceptors

SiC wafer production process



SiC wafer production process

TOYO TANSO



Inspiration for Innovation

Note: This presentation contains “forward-looking statements” and forecasts of business results. These statements are not historical facts but instead represent the Company’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond the Company’s control. It is possible that the Company’s actual results may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements.

IR Contact
E-mail: ir@toyotanso.co.jp